

1 RICHARD GEORGE
2 431 Central Avenue
3 Menlo Park, California 94025
4 Telephone: (650) 327-6319
5 mail@rickgeorge.com

FILED

08 FEB 20 PM 1:34

U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

6
7 IN THE UNITED STATES DISTRICT COURT
8
9 FOR THE NORTHERN DISTRICT OF CALIFORNIA

10 RICHARD GEORGE,

11 Case No.: C 07 4673 MJJ MHP

12 Plaintiff,

13 v.

14 UNITED STATES

RICHARD GEORGE'S SECOND
AFFIDAVIT FOR ENTRY OF DEFAULT

15 Defendants.

16
17 Pursuant to Fed. R. of Civ. Proc. 55(a), plaintiff Richard George, hereby makes this
18 Second Affidavit for Entry of a Default against defendant United States in the above-entitled
19 matter and declares as follows:

20 1. On or about January 28, 1999, Chameleon Software, Inc. ("Chameleon"), a California
21 Corporation, was formed by me and two other software professionals.
22 2. Shortly after incorporating Chameleon opened an office in Palo Alto and has been
23 operating exclusively in California ever since.
24 3. Since 1999 Chameleon has been in the business of developing proprietary software and
25 also does software contract work.
26 4. Starting in 2003, Chameleon signed a contract with Versant Corporation ("Versant") to
27 do software development work for a third-party located in Burbank California.

5. As part of the Versant contract Chameleon hired a software User Interface (“UI”) developer in 2003 to do part of the work.
6. As part of the Versant contract I was required to travel to Burbank on a weekly basis, Monday thru Friday, and the UI developer mostly worked remotely and traveled to Burbank occasionally.
7. Both the UI developer and I entered our hours on an online Versant time card program and Chameleon submitted regular invoices to Versant that were itemized by worker, work performed, and hours worked.
8. Chameleon also submitted regular expense reports to Versant based on significant travel, hotel, and meal expenditures for both myself and the UI developer.
9. The payments from Versant to Chameleon were deposited in Chameleon’s checking account at Bank of America and checks were issued by Chameleon based on work performed and expenses.
10. Loni Kupchanko (“Kupchanko”) was the corporate counsel for Versant and was responsible for negotiating contracts between Versant and Chameleon and had intimate knowledge of the Versant/Chameleon work agreement, including the fact the UI developer on the project and I were billing Versant for roughly equal time.
11. On or about June 1, 2004 Jane Allen (“Allen”) issued a summons to Versant regarding Chameleon.
12. On or about June 24, 2004, according to Jane Allen’s notes, Kupchanko called Allen and told her that “George works exclusively on his own.”
13. Attached as Exhibit D, page 1, is a true and correct copy of Allen’s notes dated 06/24/2004 received by me in response to a FOIA request.
14. On July 23, 2004, the Office of Chief Counsel (“OCC”) for the IRS issued a determination that Chameleon was my alter ego based on Allen’s “memorandum dated June 23, 2004 and supplemental memorandum dated June 30, 2004” The OCC memorandum states that I was “attempting to hide” my assets, was “the only employ” of Chameleon, and received all of the funds paid to Chameleon by Versant.

15. Attached as part of Exhibit E is true and correct copy of the OCC memorandum dated
2 July 23, 2004.
16. I have never attempted to hide my assets and the UI developer working on the Versant
4 contract received more money than I did during much of the contract.
17. On or about July 26, 2004, the IRS issued levy notices to Versant and Bank of America
6 in the name of Chameleon, as my alter ego.
18. On or about July 29, 2004, Bank of America levied Chameleon's checking account in
8 the amount of \$18,421.
19. Between July 30 and August 5, 2004, three checks drawn on Chameleon's account and
10 returned for insufficient funds.
20. On or about August 3, 2005, I deposited a check of approximately \$36,000 in the
12 Chameleon checking account at Bank of America in order to cover the checks returned
13 for insufficient funds.
21. On or about August 9, 2004, the IRS issued a levy replacing the July 29, 2004 levy to
15 both Versant and Bank of America.
22. On or about August 10, 2004, the IRS filed a Notice of Federal Tax Lien in the name of
17 Chameleon, as my alter ego.
23. On August 24, 2004, Allen received a letter from Kupchanko stating that funds were
19 being remitted to the IRS for the full amount invoiced by Chameleon, which included
21 19 days for me and 14 days for Chameleon's UI developer. Attached as part of Exhibit
23 E is a true and correct copy of Kupchanko's letter to Allen.
24. On or about September 4, 2004, I requested a collection due process hearing in
26 response to the lien notice issued to Chameleon on August 10, 2004. Attached as part of
28 Exhibit E is a true and correct copy of request for a due process hearing.
25. On October 12, 2004, Allen received a letter from Kupchanko stating that funds were
27 being remitted to the IRS for the full amount invoiced by Chameleon, which included
29 11 days for me and 8 days for Chameleon's UI developer. Attached as part of Exhibit E
is a true and correct copy of Kupchanko's letter to Allen.

26. Allen's actions caused me, Chameleon Software, and related entities severe economic damage. I was unable to pay the expenses to travel back and forth to Burbank and my business relationships suffered as a consequence and continue to suffer. I was forced to terminate the UI developer and Versant started looking disfavorably upon me because the IRS was constantly requiring them to spend time producing documents, etc.
27. On September 7, 2005, I mailed a Claim for Damages to the Area Director of the IRS seeking the maximum amount allowable for each of the three years 1997-1999.
28. Attached as Exhibit E is true and correct copy of the Claim for Damages I sent to the Area Director of the IRS on September 7, 2005.
29. Attached as Exhibit F is a true and correct copy of the Bank of America bank statement for the period July 22 through August 20, 2004 for Chameleon Software, Inc.
30. Attached as Exhibit G is a true and correct copy of the e-mail I sent to Thomas Moore on April 28, 2006 regarding Preliminary Accounting of Damages.
31. In addition to the damages relating to Chameleon, the Claim for Damages also specifies damages related to IRS disclosures to the California Franchise Tax Board ("FTB").
32. Attached as Exhibit H are true and correct copies of my 1998 state return, substitute for return for 1998 prepared by the IRS, Notice of Propose Assessment from the FTB based on IRS disclosure, and Income Tax Amnesty Application.
33. As a direct result of the IRS disclosure to the FTB, I have been assessed an additional \$51,999 -- because the FTB added the IRS disclosed wages to what I already reported and disallowed all deductions -- and I am subject to potential criminal penalties under the FTB tax-amnesty program.
34. As a result of the damages I suffered and the IRS's failure to reply to my administrative claim for damages, I filed a Claim for Damages against the United States in California Superior Court, San Mateo County, on September 7, 2007.
35. The attorneys for the United States, pursuant to 28 U.S.C. §§1441-1446, petitioned for removal to this Court on September 11, 2007.
36. The United States failed to answer my complaint within 60-days.

37. Because of the failure of the United States to respond, I am hereby requesting an entry of default.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 18th day of February, 2008, Menlo Park, California

By Wileman

Richard George
431 Central Avenue
Menlo Park, California 94025
Telephone: (650) 327-6319

D

Wednesday, June 30, 2004, 11:51am

REQUESTOR: 33081307
ICS HISTORY TRANSCRIPT

CASE TIN: 564-13-3662

CASE NAME: RICHARD E GEORGE

ACT DT: 06/24/2004 SYS DT: 06/24/2004 CONTACT: OTHER CREATE ID: 33081307
GENERAL HISTORY

Rec'd t/c from Becky w/ Comerica Bank at (313)222-4184. The levy was rec'd on 6/10 and the payout date will be 7/1/2004. The levy attached to \$4733.

Rec'd vms from Ric Reynolds indicating that he spoke w/ Anna Maria w/ the FTB and obtained the assessment dates for me. The FTB's earliest assessment date is on 1998 and is dated 7/25/2000, which pre-dates our earliest assessment date. There levy to Schwab is for \$23K and pre-dates our levy.

It looks like the FTB does have priority over the funds. Ric will f/u w/ FTB's SPF to see what they intend to do w/ the stock certificates held by Schwab.

I still have not heard back from Etrade. It does not appear that the levies will generate a f/p. The alter-ego levy request was delivered to Counsel yesterday.

POA: await response from Counsel re alter-ego levy approval.

Response from Versant is due on 6/28 (re summons).

ACT DT: 06/24/2004 SYS DT: 06/24/2004 CONTACT: PHONE CREATE ID: 33081307
GENERAL HISTORY

Rec'd t/c from Loni Kupchanko w/ Versant Corporation's legal counsel dept. Loni can be reached at (510) 789-1724.

Loni provided me w/ the following information:

- 1) Versant subcontracts work out where certain skill levels have been identified as being needed to fulfill a job.
there is a company known as _____
has an engagement w/ Versant. MATERIAL DELETED
5 USC 552(b)(3) &
IRC 6103(e)
- 2) Versant has subcontracted this engagement to Richard George, dba:
was very pleased w/ George's work and extended the engagement.
- 3) George bills Versant directly for his expenses.
- 4) George works exclusively on his own
negotiated the contract w/ Versant. and MATERIAL DELETED
5 USC 552(b)(3) &
IRC 6103(e)

Thursday, May 26, 2005, 1:19pm

REQUESTOR: 33111307
ICS HISTORY TRANSCRIPT

CASE TIN: 564-13-3662

CASE NAME: RICHARD E GEORGE

POA also inquired as to whether or not levy action would stop if t/p submitted a CIS. I told/encouraged POA to submit a CIS; however, I also told him that collection would not stop b/c the returns did not accurately state t/p's income, i.e., t/p did not report earnings from WTP and Chameleon in 2003.

ACT DT: 08/23/2004 SYS DT: 08/23/2004 CONTACT: PHONE CREATE ID: 33081307
GENERAL HISTORY

Rec'd t/c from Loni Kupchanko w/ Versant Corp re notice of levy. Loni requested that I fax part 3 of levy to him. Okay. I inquired as to what response Versant will be providing. Loni indicated that George called him and will be sending an invoice to him shortly. Loni has a rough figure as to what Versant's obligation will be under the levy.

Faxed part 3 to (510) 217-3737 this date.

ACT DT: 08/24/2004 SYS DT: 08/24/2004 CONTACT: OTHER CREATE ID: 33081307
GENERAL HISTORY

Req'd dmv for Chameleon Software and by address only today.

Rec'd fax from Versant indicating that company rec'd invoice from Chameleon Software. The invoice is dated 8/16/2004 and included work performed from June 1 - June 30, 2004. The invoice is split and includes payment due to David George in the amount of \$13,440 and Richard George in the amount of \$22,800.

The cover letter attached to the invoice indicates that Versant will honor the IRS levy and remit proceeds of \$36,240 within one one.

T/c made to BofA regarding levy. Requested to speak w/ Maricel and Maricel is on vacation. BofA indicated that they would be remitting a pymt to irs on 8/30 - 21 days from receipt of the levy. BofA claims levy was rec'd on 8/9; although I think Ben served the levy on 8/6.

BofA would not tell me the amount of the proceeds, but did acknowledge receiving my fax on 8/12 re the accumulated funds in Chameleon's account.

I spoke w/ BofA summons department in Northern California (Eileen) @ #436-4811. Eileen said she could have information re the account balance to me w/ a summons quickly (w/in 24 hours). I can serve levy to BofA at 1455 Market Street, 11th floor, in San Francisco, CA 94102.

Thursday, May 26, 2005, 1:19pm

REQUESTOR: 33111307
ICS HISTORY TRANSCRIPT

CASE TIN: 564-13-3662

CASE NAME: RICHARD E GEORGE

Later, I rec'd a check from BofA for \$18,421.45. I think BofA segregated funds - emailed gm re proceeds.

ACT DT: 08/25/2004 SYS DT: 08/25/2004 CONTACT: OTHER CREATE ID: 33081307
GENERAL HISTORY

RE: levy payment issued prematurely by BofA. I am not clear why proceeds seem to be split. On 8/12/2004, I faxed a Levy to Maricel w/ BofA's levy dept in Southern California to inform her that the replacement levy was the valid levy and the accumulated funds in Chameleon's account were subject to the levy.

I discussed situation w/ agm and I will hold the levy proceeds in the amount of \$18K until I can get some clarification from BofA as to the amount in the account at the time the replacement levy was rec'd by them (BofA says 8/9).

ACT DT: 08/25/2004 SYS DT: 08/25/2004 CONTACT: FIELD CREATE ID: 33081307
SUMMONS (NON TFRP)

SUMMONS (NON TFRP) ENTITY TYPE: FINANCIAL INSTITUTION

SUMMONSED PARTY: BANK OF AMERICA

(CONT.):

SUMMONS RESPONSE DATE: 09/07/2004

3RD PARTY CONTACT RECORD(S) GENERATED

INCLUDED MODULES: 30/199712 (P)

30/199812 (P)

30/199912 (P)

RESULTS: F/c made to 1455 Market Street. Spoke w/ Gloria in summons unit. Hand delivered summons to Gloria and explained purpose of summons - that I need to determine why levy dept issued check prematurely. Gloria understood reason, but suggested that I issue another summons specific to the levies, which would require the levy department to communicate w/ me and provide me with the information that I am seeking. Gloria will provide me w/ the info on this summons.

ACT DT: 08/25/2004 SYS DT: 08/25/2004 CONTACT: OTHER CREATE ID: 33081307
GENERAL HISTORY

T/c made to BofA levy dept to advise them of summons - requested to speak to department manager. I was connected w/ Paula Harris. Explained situation to Paula, that a check for \$18,421.45 was sent to the IRS, which apparently is in response to the levy BofA rec'd on 7/29. Advised Paula that the IRS sent/served a replacement levy on 8/9 that superseded the levy rec'd on 7/29.



Internal Revenue Service
Small Business/Self Employed
450 Golden Gate Avenue, 6th Floor

San Francisco, CA 94102

FAX TRANSMITTAL COVER SHEET

To: Maricel with Bank of America

FAX #: (213)240-3499

Date: August 12, 2004

Number of Pages (including cover sheet): 1

From: Jane Allen, Revenue Officer

Identification Number: 94-06291

FAX: 415-436-6424

Voice: (415) 522-4334

Dear Maricel:

This facsimile is in response to your voicemail regarding the Notice of Levy dated July 26, 2004 against Chameleon Software, as the alter ego, nominee, or transferee of Richard E. George. Please note that the second Notice of Levy replaced the first levy. It is my understanding that your department is holding approximately \$18,000 against the initial levy that you received and \$36,000 against the second or replacement levy. Because Bank of America was in possession of \$18,000 and \$36,000 at the time the second levy was received, the cumulative amount of the funds would be subject to the replacement levy. Accordingly, it is the Service's expectation, that Bank of America would be remitting approximately \$54,000 to the IRS.

If you have any questions regarding this facsimile, you may contact me at (415) 522-4334.

Sincerely,

Jane Allen
Revenue Officer

CONFIDENTIALITY NOTICE

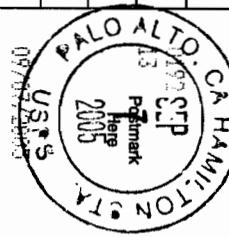
This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or the employee or agent for delivering the communication to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone (collect if necessary), and return the communication to the address above via the United States Postal Service. Thank you.

E

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	\$ 40.35
Certified Fee	\$ 2.30
Return Receipt Fee	\$ 1.75
(Endorsement Required)	\$ 0.00
Total Postage & Fees	\$ 44.80



Sent To:
Area Director, IRS, Attn: Compliance Technical Support Manager
Street/Box No.: 1301 Clay St., Suite 1600-S
PO Box No.: 1301 Clay St., Suite 1600-S
City, State, ZIP+4: Oakland, Calif. 94612
Endorsement Required

Form 3800, June 2002

See Reverse for Instructions

Richard E. George
431 Central Avenue
Menlo Park, California 94025
(650) 327-6319

Area Director, Internal Revenue Service
Attn: Compliance Technical Support Manager
1301 Clay Street, Suite 1600-S,
Oakland, CA 94612

RE: Claims for Damages,
SSN: 564-13-3662

To Whom It May Concern:

Please be advised that in compliance with 26 U.S.C. 7433 and Treasury Reg. § 301.7433 I am hereby submitting claims for damages to the maximum extent allowable by law for the each of the years 1997 thru 1999.

These claims are based on the following grounds and attached documents:

- 1) The IRS and its agents and officers wrongfully disallowed deductions for property tax payments, mortgage interest payments, and other schedules A, C, D, and E deductions shown on my federal tax returns years 1997 thru 1999 and imposed unlawful penalties for these years. These IRS actions lead to a series of over 50 levies against me and Chameleon Software during 2004 and 2005 causing significant financial losses that otherwise would not have occurred.
- 2) The IRS and its agents and officers, including Revenue Officer "Jane Allen" (#94-06291), have wrongly claimed that I was the sole person working for Chameleon Software and that Chameleon Software was my alter ego when they knew this was not the case. Allen was explicitly informed by Versant Corporation, a company Chameleon was being paid by, that there were multiple persons contracted by Chameleon to do work for Versant. Nevertheless, Allen submitted a false report to the IRS corporate counsel stating that I was the sole person working for Chameleon. The result was that Allen issued a long series of levies against Chameleon as the alter ego of me. Allen's actions left Chameleon with no money to pay its workers and left me with no money to live on for nearly a year. As a result, Chameleon was forced to terminate its workers because of its inability to pay them. Allen's actions have had a detrimental impact on Chameleon's ability conduct business and have left me in financial straits.
- 3) Although I requested a due process hearing in response to the IRS Notice of Federal Tax Lien dated August 10, 2004 (see attached), I did not receive a response.

4) Allen signed and sent out numerous levy notices she was not authorized to sign and she failed to obtain the required approval signatures on documents authorizing the seizure of Chameleon's business assets. For instance, she sent a notice of levy for over \$300,000—naming "Chameleon Software, as the alter ego, nominee, or transferee of Richard E. George"—to Bank of America with her typed signature and title of Revenue Officer; on August 6, 2004, the notice was re-sent with a different signature, a title of Territory Manager, and a note stating: "***This replaces the Notice of Levy mailed July 26, 2004 by changing the signature and title of the Service Representative***"; Allen then instructed the bank to send both the amount on deposit on July 26th (\$18,421) and the amount on deposit on August 6th (\$36,315). Allen's actions violate 26 U.S.C. 6331—"a levy shall extend only to property possessed and obligations existing at the time thereof"—and Section 1203 the IRS Reform and Restructuring Act of 1998 for "failure to obtain the required approval signatures on documents authorizing the seizure of a taxpayer's home, personal belongings, or business assets."

5) The IRS and its agents and officers disclosed to the California Franchise Tax Board that I earned \$129,000 in 1998. This disclosure caused the FTB to increase my earnings by \$129,000 – even though I had already reported that amount on my state tax return – and impose unwarranted additional taxes and penalties. The FTB also disallowed my property tax and mortgage interest write-offs, etc. based on various IRS disclosures relating to 1997 thru 1999 taxes. These disclosures caused the FTB to wrongly impose taxes and penalties in excess of \$107,000 for years 1997 thru 1999 and have subjected me to potential criminal penalties under the FTB tax-amnesty program.

6) Because of the IRS actions against me, I have lost significant work hours and have been unable to use the money that would have otherwise been targeted for business assets that would have generated profits and deductions in future years. In addition, I have been unable to afford much needed medical and dental procedures as a direct result of the IRS leaving me with no money to live on. As a result, I have a medical condition that is now irreparable because it has been neglected for too long.

Because of these and numerous other wrongful actions against me, including the denial of due process, I have suffered irreparable losses, which exceed those authorized by 26 U.S.C. § 7433. I am therefore entitled to recover the full amount authorized by § 7433 for each of the 3 years (1997-1999) covered by this claim.

If you have any questions or need further information please contact me at the above-listed phone number or address.

Sincerely,



Richard E. George

**Office of Chief Counsel
Internal Revenue Service
memorandum**

CC:SB:7:SAC:2:TMRohall

date: July 23, 2004

to: Mike Rockwell
Compliance Group Manager

from: Thomas M. Rohall
General Attorney (Sacramento, Group 2)
(Small Business/Self-Employed)

subject: Alter Ego Lien/Levy Request
Re: Chameleon Software

This is in response to your memorandum dated June 23, 2004 and supplemental memorandum dated June 30, 2004 concerning a request to file Alter Ego liens and serve alter ego levies on Chameleon Software as the alter ego or nominee of Richard George.

ISSUES

Whether Chameleon Software is the alter ego or nominee of Richard George.

CONCLUSIONS

Yes. The factual development by the revenue officer amply supports the conclusion that Chameleon Software is the alter ego or nominee of Richard George. The revenue officer should file the alter ego/nominee liens and serve alter ego levies as indicated in her two memorandums described above.

FACTS

The revenue officer is attempting to collect assessed liabilities against the taxpayer, Richard George, for the years 1997 through 1999. The balance due is in excess of \$300,000. The 1997 liability is the result of a Tax Court Decision. The 1998 and 1999 liabilities are the result of a defaulted statutory notice.

The taxpayer has attempted to hide his assets and income and has continued to make frivolous constitutional arguments. The evidence developed by the revenue officer demonstrates that Chameleon Software is simply a dba used by the taxpayer to conduct his business as a software developer. The bank account in the name of Chameleon Software is used by the taxpayer to pay personal expenses. The taxpayer has held himself out to be Chameleon Software. He is the sole signatory authority on the Bank of America account. He is also the only employee of the entity. He is also the

person who negotiated the consulting contract with Versant, which contract pays the taxpayer approximately \$22,000 per month.

The revenue officer has developed sufficient facts to show that Chameleon Software is the alter ego or nominee of Richard George. We recommend that the following language be used in filing the liens and levies:

Chameleon Software, as the alter ego, nominee, or transferee of Richard George.

If you have any questions, please feel free to contact me at (916) 974-5723.

John Y. Chinnapongse
Associate Area Counsel
(Small Business/Self-Employed)

By: 
THOMAS M. ROHALL
Attorney (SBSE)

cc: Jane Allen, Revenue Officer, San Francisco

Writers Direct Dial Number
510-789-1724
lkupchanko@versant.com

August 24, 2004

Internal Revenue Service
Attn: Jane Allen
450 Golden Gate Avenue, 6th Floor
San Francisco, CA 94102

RE: Notice of Levy – Chameleon Software / Richard E. George

Dear Jane Allen;

In follow-up to our phone conversations and in compliance with your Notice of Levy that we received on July 30, 2004, please accept this letter of explanation. I have attached a copy of the most recent invoice that we have received from Chameleon Software for the period June 1, 2004 through June 30, 2004 in the amount of \$36,240.00. You will note from the invoice that this includes 14 days of billings for Mr. David George as well as 19 days of billings for Mr. Richard George. We will be issuing a check this week in this total amount payable to your offices as per the levy instructions.

In addition please note that we will be expecting an additional invoice from Chameleon Software for the July billing period in the near future. Once we receive it, we will process it in the same manner and send any amount due through the date of July 31, 2004 to your offices as per the levy.

Please contact me if you have any questions.

Sincerely,

Versant Corporation

Loni Kupchanko
General Counsel

Writers Direct Dial Number
510-789-1724
lkupchanko@versant.com

October 12, 2004

Internal Revenue Service
Attn: Jane Allen
450 Golden Gate Avenue, 6th Floor
San Francisco, CA 94102

RE: Notice of Levy – Chameleon Software / Richard E. George

Dear Jane Allen;

In follow-up to, and in compliance with, your Notice of Levies that we received on July 30, 2004 and September 21, 2004, please accept this letter of explanation. I have attached a copy of the most recent invoice that we have received from Chameleon Software for the period July 1, 2004 through July 30, 2004 in the amount of \$28,080.00. You will note from the invoice that this includes 8 days of billings for Mr. David George as well as 11 days of billings for Mr. Richard George. We will be issuing a check next week in this total amount payable to your offices as per the levy instructions.

In addition please note that we will be expecting an additional invoice from Chameleon Software for the August and September billing periods in the future. Once we receive it, we will process it in the same manner and send any amount due through the date of September 21, 2004 to your offices as per the levy.

Please contact me if you have any questions.

Sincerely,

Versant Corporation

Loni Kupchanko
General Counsel

Notice of Levy

DATE: July 26, 2004

TELEPHONE NUMBER

REPLY TO: Internal Revenue Service

OF IRS OFFICE: (415) 522-4334

attn: Jane Allen

450 Golden Gate Avenue, 6th Floor
San Francisco, CA 94102NAME AND ADDRESS OF TAXPAYER:
**Chameleon Software, as the alter ego,
nominee, or transferee of Richard E. George
431 Central Avenue
Menlo Park, CA 94025-2804**TO: Bank of America
Levy Dept.
P. O. Box 54660
Los Angeles, CA 90054-0660IDENTIFYING NUMBER(S): 564-13-3662
95-4733541

THIS ISN'T A BILL FOR TAXES YOU OWE. THIS IS A NOTICE OF LEVY WE ARE USING TO COLLECT MONEY OWED BY THE TAXPAYER NAMED ABOVE.

Reference: this Notice of Levy includes, but is not limited to, account number 01176-10739

Kind of Tax	Tax Period Ended	Unpaid Balance of Assessment	Statutory Additions	Total
1040	12/31/1997	\$28,262.29	\$12,875.06	\$41,137.35
1040	12/31/1998	\$70,051.06	\$15,116.90	\$85,167.96
1040	12/31/1999	\$150,187.12	\$34,420.41	\$184,607.53
THIS LEVY WON'T ATTACH FUNDS IN IRAs, SELF-EMPLOYED INDIVIDUALS' RETIREMENT PLANS, OR ANY OTHER RETIREMENT PLANS IN YOUR POSSESSION OR CONTROL, UNLESS IT IS SIGNED IN THE BLOCK TO THE RIGHT.===== ⇒			Total Amount Due	\$310,912.84

We figured the interest and late payment penalty to 08/26/2004

Although we have told you to pay the amount you owe, it is still not paid. This is your copy of a notice of levy we have sent to collect this unpaid amount. We will send other levies if we don't get enough with this one.

Banks, credit unions, savings and loans, and similar Institutions described in section 408(n) of the Internal Revenue Code must hold your money for 21 calendar days before sending it to us. They must include the interest you earn during that time. Anyone else we send a levy to must turn over your money, property, credits, etc. that they have (or are already obligated for) when they would have paid you.

If you decide to pay the amount you owe now, please bring a guaranteed payment (cash, cashier's check, certified check, or money order) to the nearest IRS office with this form, so we can tell the person who received this levy not to send us your money. Make checks and money orders payable to **United States Treasury**. If you mail your payment instead of bringing it to us, we may not have time to stop the person who received this levy from sending us your money.

If we have erroneously levied your bank account, we may reimburse you for the fees your bank charged you for handling the levy. You must file a claim with the IRS on Form 8546 within one year after the fees are charged.

If you have any questions, or want to arrange payment before other levies are issued, please call or write us. If you write to us, please include your telephone number and the best time to call.

Signature of Service Representative

/S/ Jane Allen

Title

Revenue Officer

Form 668-A(ICS)
(Rev. Jan. 2003)Department of the Treasury – Internal Revenue Service
Notice of Levy**DATE:** July 26, 2004**TELEPHONE NUMBER****REPLY TO:** Internal Revenue Service**OF IRS OFFICE:** (415) 522-4334

attn: Jane Allen

450 Golden Gate Avenue, 6th Floor
San Francisco, CA 94102**NAME AND ADDRESS OF TAXPAYER:**Chameleon Software, as the alter ego,
nominee, or transferee of Richard E. George
431 Central Avenue
Menlo Park, CA 94025-2804**TO:** Bank of America

Levy Dept.

P. O. Box 54660

Los Angeles, CA 90054-0660

IDENTIFYING NUMBER(S):

564-13-3662 / 95-4733541

THIS ISN'T A BILL FOR TAXES YOU OWE. THIS IS A NOTICE OF LEVY WE ARE USING TO COLLECT MONEY OWED BY THE TAXPAYER NAMED ABOVE.

Reference: this Notice of Levy Includes, but is not limited to, account number 01176-10739.

Kind of Tax	Tax Period Ended	Unpaid Balance of Assessment	Statutory Additions	Total
1040	12/31/1997	\$28,262.29	\$12,875.06	\$41,137.35
1040	12/31/1998	\$70,051.06	\$15,116.90	\$85,167.96
1040	12/31/1999	\$150,187.12	\$34,420.41	\$184,607.53

*** This replaces the Notice of Levy mailed July 26, 2004 by changing the signature and title of the Service Representative ***

THIS LEVY WON'T ATTACH FUNDS IN IRAS, SELF-EMPLOYED INDIVIDUALS' RETIREMENT PLANS, OR ANY OTHER RETIREMENT PLANS IN YOUR POSSESSION OR CONTROL, UNLESS IT IS SIGNED IN THE BLOCK TO THE RIGHT.=====⇒		Total Amount Due	\$310,912.84
---	--	------------------	--------------

We figured the interest and late payment penalty to 08/26/2004

Although we have told you to pay the amount you owe, it is still not paid. This is your copy of a notice of levy we have sent to collect this unpaid amount. We will send other levies if we don't get enough with this one.

Banks, credit unions, savings and loans, and similar Institutions described in section 408(n) of the Internal Revenue Code must hold your money for 21 calendar days before sending it to us. They must include the interest you earn during that time. Anyone else we send a levy to must turn over your money, property, credits, etc. that they have (or are already obligated for) when they would have paid you.If you decide to pay the amount you owe now, please bring a guaranteed payment (cash, cashier's check, certified check, or money order) to the nearest IRS office with this form, so we can tell the person who received this levy not to send us your money. Make checks and money orders payable to **United States Treasury**. If you mail your payment instead of bringing it to us, we may not have time to stop the person who received this levy from sending us your money.

If we have erroneously levied your bank account, we may reimburse you for the fees your bank charged you for handling the levy. You must file a claim with the IRS on Form 8546 within one year after the fees are charged.

If you have any questions, or want to arrange payment before other levies are issued, please call or write us. If you write to us, please include your telephone number and the best time to call.

Signature of Service Representative

/S/ Leah Bass

Title

Territory Manager ID # 68-11380

Chameleon Software, Inc.
431 Central Avenue
Menlo Park, California 94025

September 4, 2004

Internal Revenue Service
1301 Clay Street #1400-S
Oakland, California 94612

Re: Notice of Federal Tax Lien (See attached.)

To whom it may concern:

Enclosed please find Form 12153, Request for a Collection Due Process Hearing for the above referenced matter. This request for hearing is being made, in part, on the following grounds:

- Chameleon Software, Inc. is not the alter ego or nominee of Richard E. George.
- Chameleon Software is a California corporation established as such in 1999.
- Chameleon Software has never received a notice of deficiency nor otherwise had an opportunity to dispute this tax liability.

Your prompt attention to this matter is appreciated.

Sincerely,

Chameleon Software, Inc.

By: 

Richard E. George
President/CEO
Chameleon Software, Inc.

Request for a Collection Due Process Hearing

Use this form to request a hearing with the IRS Office of Appeals only when you receive a **Notice of Federal Tax Lien Filing & Your Right To A Hearing Under IRC 6320**, a **Final Notice - Notice Of Intent to Levy & Your Notice Of a Right To A Hearing**, or a **Notice of Jeopardy Levy and Right of Appeal**. Complete this form and send it to the address shown on your lien or levy notice for expeditious handling. Include a copy of your lien or levy notice(s) to ensure proper handling of your request.

(Print) Taxpayer Name(s): Chameleon Software, Inc.

(Print) Address: 431 Central Avenue.

Daytime Telephone Number: (650) 450-2633 Type of Tax/Tax Form Number(s): 1040

Taxable Period(s): 1997 - 1999

Social Security Number/Employer Identification Number(s): 95-4733541

Check the IRS action(s) that you do not agree with. Provide specific reasons why you don't agree. If you believe that your spouse or former spouse should be responsible for all or a portion of the tax liability from your tax return, check here and attach Form 8857, Request for Innocent Spouse Relief, to this request.

Filed Notice of Federal Tax Lien (Explain why you don't agree. Use extra sheets if necessary.)

- Chameleon Software is not the alter ego/nominee of Richard E. George
- Chameleon Software is a California corporation established in 1989
- Chameleon Software has never received a notice of deficiency nor otherwise had an opportunity to dispute this tax liability.

Notice of Levy/Seizure (Explain why you don't agree. Use extra sheets if necessary.)

I/we understand that the statutory period of limitations for collection is suspended during the Collection Due Process Hearing and any subsequent judicial review.

Chameleon Software, Inc.
Taxpayer's or Authorized Representative's Signature and Date: By: Richard E. George 9/4/04
Richard E. George, President/CEO

Taxpayer's or Authorized Representative's Signature and Date: _____

IRS Use Only:

IRS Employee (Print): _____ IRS Received Date: _____

Employee Telephone Number: _____

Recording Requested By Internal Revenue Service. When recorded mail to:

INTERNAL REVENUE SERVICE
1301 CLAY ST #1400-S
OAKLAND, CA 94612

For Optional Use by Recording Office

Form 668 (Y)(c)
(Rev. February 2004)

9714 Department of the Treasury - Internal Revenue Service

Notice of Federal Tax Lien

Area: SMALL BUSINESS/SELF EMPLOYED AREA #13

Serial Number

Lien Unit Phone: (510) 637-2386

186130104

As provided by section 6321, 6322, and 6323 of the Internal Revenue Code, we are giving a notice that taxes (including interest and penalties) have been assessed against the following-named taxpayer. We have made a demand for payment of this liability, but it remains unpaid. Therefore, there is a lien in favor of the United States on all property and rights to property belonging to this taxpayer for the amount of these taxes, and additional penalties, interest, and costs that may accrue.

Name of Taxpayer CHAMELEON SOFTWARE, AS THE
ALTER EGO, NOMINEE, OR
TRANSFeree OF RICHARD E GEORGE

Residence 431 CENTRAL AVE
MENLO PARK, CA 94025-2804

IMPORTANT RELEASE INFORMATION: For each assessment listed below, unless notice of the lien is refiled by the date given in column (e), this notice shall, on the day following such date, operate as a certificate of release as defined in IRC 6325(a).

Kind of Tax (a)	Tax Period Ending (b)	Identifying Number (c)	Date of Assessment (d)	Last Day for Refiling (e)	Unpaid Balance of Assessment (f)
1040	12/31/1997	564-13-3662	03/26/2001	04/25/2011	14458.72
1040	12/31/1998	564-13-3662	09/30/2002	10/30/2012	70051.06
1040	12/31/1999	564-13-3662	09/30/2002	10/30/2012	150187.12

Place of Filing

SAN MATEO
REDWOOD CITY, CA 94063

Total \$ 234696.90

This notice was prepared and signed at OAKLAND, CA, on this, the 10th day of August, 2004.

Signature

for JANE ALLEN

Title
REVENUE OFFICER
(415) 522-4334

33-08-1307

(NOTE: Certificate of officer authorized by law to take acknowledgment is not essential to the validity of Notice of Federal Tax lien
Rev. Rul. 71-466, 1971 - 2 C.B. 409)

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 		<p>A. Signature <input checked="" type="checkbox"/> <i>M. Woo</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>M. Woo</i> C. Date of Delivery <i>9/8/05</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
1. Article Addressed to:		<p><i>Area Director, IRS Attn: Compliance Technical Support Manager 1301 Clay St. Suite 1600-S Oakland, Calif. 94612</i></p>	
2. Article Number <i>(Transfer from service label)</i>		<i>7004 2510 0000 6561 6506</i>	

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

F

CHAMELEON SOFTWARE, INC.

Statement Period: July 22 through August 20, 2004
Account Number: 01176-10739 Account Activity

Date Posted	Description	Reference Number	Amount
Withdrawals, Transfers and Account Fees			
07/29	Debit Adjustment 2802-29jul04 Levy	Source: 4090	\$18,421.45
07/29	Legal Process Fee 2802-29jul04 Levy	Source: 4090	75.00
07/30	Insufficient Funds Fee		30.00
08/04	Insufficient Funds Fee		30.00
08/05	Insufficient Funds Fee		30.00
08/09	Debit Adjustment 3300-09aug04 Levy	Source: 4090	36,315.00
08/09	Legal Process Fee 3300-09aug04 Levy	Source: 4090	75.00
08/10	Insufficient Funds Fee		33.00
08/11	Insufficient Funds Fee		33.00
<i>Total Withdrawals, Transfers and Account Fees</i>			\$55,042.45
Service Charge			
08/20	In-Branch Transaction Fee - Deposits		\$3.00

 Daily Balance

Date	Amount	Date	Amount	Date	Amount
07/29	-\$ 75.00	08/04	36,345.00	08/10	- 108.00
07/30	- 105.00	08/05	36,315.00	08/11	- 141.00
08/03	36,375.00	08/09	- 75.00	08/20	- 144.00

 Bank of America: In Balance

To assist you in reconciling your account, we have provided the following summary information.
A reconciliation worksheet is printed on the reverse of this page.

- Your ending balance from this statement - \$144.00
- Subtract insufficient funds fees from your checkbook register 156.00
- Subtract other account fees from your checkbook register 150.00
- Subtract the monthly service charge from your checkbook register 3.00

G

Rick George

From: Rick George [mailto:rickgeorge.com]
Sent: Friday, April 28, 2006 2:12 PM
To: Tom.Moore@usdoj.gov; David Silberman; Anne Michelle Burr
Subject: First Demand for Admissions and Preliminary Accounting of Damages
Attachments: First Demand for Admissions.pdf

Dear Messrs Moore, Silberman, and Burr:

Please see attached for plaintiff's first demand for admissions. Plaintiff respectfully requests that all three defense attorneys collaborate on the responses.

The following is a preliminary accounting of plaintiff's damages in this matter:

The IRS has collected approximately \$300,000 for 1997-1999

The FTB has assessed approximately \$100,000 for 1998 and 1999 and collected approximately \$30,000

Plaintiff's CPA has calculated plaintiff's 1997-1999 taxes due to be \$14,197 (FED) and \$5,508 (STATE).

Thus the calculated damages based on these over assessments alone are approximately \$380,295 (\$400,000 - \$19,705).

In addition, plaintiff is an entrepreneur and due to defendants' actions has lost investment capital and innumerable time that would have been allocated to his business pursuits had he not been distracted by defendants' relentless hounding.

From 1997 to 1999, plaintiff was the Senior Architect for Verity, a company that produced the premiere search engine technology for web-based internet searching. A number of Verity's employees went on to Google and subsequently made millions of dollars from stock options and as you must well know the founders of Google have made billions of dollars from their search technology.

After plaintiff left Verity he was attempting to develop similar technology as a founder of Chameleon Software. The defendants in this matter, however, prevented him from doing so with their relentless and wrongful collection actions, causing him to be much distracted from his business pursuits and depriving him of his investment capital. Plaintiff would have had a much greater chance of building a successful software business along the lines of Google or Microsoft had defendants not engaged in such heavy-handed, unlawful acts.

Plaintiff's damages and defendants' liability in this matter are therefore potentially in the billions of dollars.

Furthermore, as set forth in plaintiff's complaint, plaintiff has been denied his constitutional rights and immunities, has been unable to afford necessary medical attention, has suffered other substantial losses, and has been kept from pursuing productive endeavors due to defendants' actions.

Please reply with your thoughts as to how we may settle this matter and your responses to the attached demand for admissions.

Sincerely,

/s/ Richard George

Richard George

H

**California Resident
Income Tax Return 1998**

APE

540

FEDERAL RETURN ATTACHMENT REQUIRED:
 YES NO

NOT
TACH
BEL

564-13-3662 GEOR
RICHARD E GEORGE

98

Do Not Write
In These Spaces

P
AC
A
R
RP

Step 1

Name
and
Address
431 CENTRAL AV
MENLO PARK CA 94025

FOR COMPUTERIZED USE ONLY

01	1	30	0	49	0	APE	0
06	0	31	0	50	0	3800	0
09	0	35	0	51	0	3803	0
11	0	36	0	52	0	CATMT	0
12	129280	37	2596	53	0	SCHG1	0
14	0	38	0	54	0	5870A	0
16	0	39	0	55	0	5805 5805F	1
17	92876	41	0	56	0	770391174	
18	46484	43	0	57	0		
20	2666	44	0	58	0		
21	70	45	0	59	0		
23	0	46	2596	60	0		
28	0	47	0	61	2596		
29	0	48	0	63	119		

Step 2
Filing Status
 1 Single
 2 Married filing joint return (even if only one spouse had income)
 3 Married filing separate return.

Check only one. Enter spouse's social security number above and full name here.

4 Head of household (with qualifying person) STOP. See instructions.
 5 Qualifying widow(er) with dependent child. Enter year spouse died 19 .

Step 3
Exemptions
 Attach check or money order here.
 6 If someone can claim you (or your spouse, if married) as a dependent on their tax return, check the box here. ● 6
 7 Personal: If you checked box 1, 3 or 4 above, enter 1. If you checked box 2 or 5, enter 2.
 If you checked the box on line 6, see instructions 7 1
 8 Blind: If you (or if married, your spouse) are visually impaired, enter 1. If both are visually impaired, enter 2 8
 9 Senior: If you (or if married, your spouse) are 65 or older, enter 1. If both are 65 or older, enter 2 ● 9
 10 Add line 7 through line 9. These are your total exemptions 10 1
 11 Dependents: Enter name and relationship. Do not include yourself or your spouse.

Enter total number of dependents 11

Step 4
Taxable Income
 Att. copy of your Form(s) W-2, W-2G and 1099-R here.
 12 State wages from your Form(s) W-2, box 17 ● 12 129,280
 13 Enter fed AGI from Form 1040, ln 33; Form 1040A, ln 18; Form 1040EZ, ln 4; or TeleFile Tax Record, ln H . 13 92,876
 14 California adjustments - subtractions. Enter the amount from Schedule CA (540), line 33, column B ● 14
 15 Subtract line 14 from line 13. If less than zero, enter the result in parentheses. See instructions 15 92,876
 16 California adjustments - additions. Enter the amount from Schedule CA (540), line 33, column C ● 16
 17 California adjusted gross income. Combine line 15 and line 16. ● 17 92,876
 18 Enter your CA standard deduction OR your CA itemized deductions. ● 18 46,484
 19 Subtract line 18 from line 17. This is your taxable income. If less than zero, enter -0- 19 46,392

Step 5
Tax
 20 Tax. Check if from: Tax Table Tax Rate Schedule FTB 3800 or FTB 3803 ● 20 2,666
 21 Exemption credits. Check if from: Flowchart Federal AGI limit or CA TMT limit ● 21 70
 22 Subtract line 21 from line 20. If less than zero, enter -0- 22 2,596
 23 Tax. Check if from Schedule G-1 and form FTB 5870A ● 23
 24 Add line 22 and line 23. Continue to Side 2 24 2,596

RICHARD E. GEORGE

Step 6
Special Credits and Non-refundable Renter's Credit

25	Amount from Side 1, line 24	25	2,596
28	Credit name _____ code no. ► 28		
29	Credit name _____ code no. ► 29		
30	To claim more than two credits, see instructions ● 30		
31	Nonrefundable renter's credit. See instructions for "Step 6" ● 31		
33	Add line 28 through line 31. These are your total credits	33	
34	Subtract line 33 from line 25. If less than zero, enter -0-	34	2,596

Step 7
Other Taxes

35	Alternative minimum tax. Attach Schedule P (540)..... ● 35		
36	Other taxes and credit recapture. See instructions	● 36	
37	Add line 34 through line 36. This is your total tax.	● 37	2,596

Step 8 Payments

38	CA income tax withheld. Enter total from your 1998 Form(s) W-2, W-2G, 1099-MISC and 1099-R. Also, attach form(s) to Side 1 ■ 38		
39	1998 California estimated tax and amount applied from your 1997 return. Include the amount from form FTB 3519 or Schedule K-1 (541)..... ■ 39		
41	Did either you/your spouse rec. more than \$31,767 in wages in 1998? Yes. See instructions. No. Go to line 42	■ 41	
42	Add line 38 through line 41. These are your total payments.....	42	

Step 9

Overpaid Tax or Tax Due

43	Overpaid tax. If line 42 is more than line 37, subtract line 37 from line 42.....	43	
44	Amount of line 43 you want applied to your 1999 estimated tax..... ■ 44		
45	Overpaid tax available this year. Subtract line 44 from line 43	■ 45	
46	Tax due. If line 42 is less than line 37, subtract line 42 from line 37	46	2,596

Step 10 Contributions

47	Contribution to California Seniors Special Fund. See instructions..... ● 47		
	You may make a contribution of \$1 or more to:		
48	Alzheimer's Disease/Related Disorders Fund	● 48	00
49	California Fund for Senior Citizens	● 49	00
50	Rare and Endangered Species Preservation Program	● 50	00
51	State Children's Trust Fund for the Prevention of Child Abuse	● 51	00
52	California Breast Cancer Research Fund	● 52	00
53	California Firefighters' Memorial Fund	● 53	00
54	California Public School Library Protection Fund	● 54	00
55	D.A.R.E. California (Drug Abuse Resistance Education) Fund.....	● 55	00
56	California Military Museum Fund.....	● 56	00
57	California Mexican American Veterans' Fund	● 57	00
58	Emergency Food Assistance Program Fund	● 58	00
59	Add line 47 through line 58. These are your total contributions	● 59	0

Step 11

Refund or Amount You Owe

60	REFUND OR NO AMOUNT DUE. Subtract line 59 from line 45. Mail your return to: IMAGE PROCESSING, FRANCHISE TAX BOARD, PO BOX 942840, SACRAMENTO CA 94240-0009	■ 60	0
61	AMOUNT YOU OWE. Add line 46 and line 59. Make a check/money order payable to "Franchise Tax Board" for the full amount. Write your social security number and "1998 Form 540" on it. Attach it to the front of your Form 540 and mail to: FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0001.....	■ 61	2,596

Step 12 Interest and Penalties

62	Interest, late return penalties and late payment penalties	62	
63	Underpayment of estimated tax. If form FTB 5805 or 5805F is attached, check here	☒ ■ 63	119

● 64 4

Sign Here

It is unlawful
to forge a
spouse's
signature.

IMPORTANT: See "Sign Your Return" in the Form 540 Instructions to find out if you should attach a copy of your complete federal return.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

4

Your signature	Spouse's signature (if filing joint, both must sign)	Date	Daytime phone number
X	TAXPAYER COPY		
Paid preparer's signature (declaration of preparer is based on all information of which preparer has any knowledge)		Paid preparer's SSN/FEIN	
DANIEL R. REYNOLDS		9-9-99	
Firm's name (or yours if self-employed)		562-23-9994	
COSTANTINI, DANNA, IMMER, ETAL		77-0391174	
		100 PARK CENTER PLAZA #495	
		SAN JOSE, CA 95113	

POST AUDIT

Department of the Treasury -- Internal Revenue Service
Form 1040 U.S. Individual Income Tax Return

1998

(99) IRS Use Only -- Do not write or staple in this space.

Use the IRS label.
Other-
wise,
please
print
or type. E

For the year Jan. 1-Dec. 31, 1998, or other tax year beginning

, 1998, ending

, 19

OMB No. 1545-0074

RICHARD E GEORGE

431 CENTRAL AVENUE
MENLO PARK CA 94025-

Your social security number

564-13-3662

Spouse's social security no.

▲ You must enter your SSN(s). ▲

Yes	No	Note: Checking "Yes" will not change your tax or reduce your refund.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	

Presidential Election Campaign ► Do you want \$3 to go to this fund?
 If a joint return, does your spouse want \$3 to go to this fund?

Filing Status Check only one box.	1	X	Single	
	2		Married filing joint return (even if only one had income)	
	3		Married filing separate return. Enter spouse's SSN above & full name here. ►	
	4		Head of household (with qualifying person). (See page 18.) If qualifying person is a child but not your dependent, enter child's name here. ►	
	5		Qualifying widow(er) with dependent child (yr. spouse died ► 19). (See page 18.)	

Exemptions ► **6a** **Youself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.

b **Spouse**

C Dependents: If more than six dependents, see page 19.

(1) First name _____ Last name _____

(2) Dependent's social security number _____

(3) Dependent's relationship to you _____

(4) If qualifying child for child tax credit (see page 19) _____

No. of boxes checked on 6a and 6b

1

No. of your children on 6c who:
● lived with you

0

● did not live with you due to divorce or separation (see page 19)

0

Dependents on 6c not entered above

0

Add numbers entered on lines above ►

1

d Total number of exemptions claimed.

7 Wages, salaries, tips, etc. Attach Form(s) W-2 _____

Income

Attach Copy B of your Forms W-2, W-2G, and 1099-R here.

If you did not get a W-2, see page 20.

Enclose, but do not staple, any payment. Also, please use Form 1040-V.

Adjusted Gross Income

If line 33 is under \$30,095 (under \$10,030 if a child did not live with you), see EIC inst. on page 36.

8a Taxable interest. Attach Schedule B if required.**8b** _____**b** Tax-exempt interest. DO NOT include on line 8a.

9 Ordinary dividends. Attach Schedule B if required.

10 Taxable refunds, credits, or offsets of state and local income taxes (see page 21)

11 Alimony received.

12 Business income or (loss). Attach Schedule C or C-EZ.

13 Capital gain or (loss). Attach Schedule D.

14 Other gains or (losses). Attach Form 4797.

15a Total IRA distributions.

15a _____**b** Taxable amount (see page 22)

16a Total pensions and annuities.

16a _____**b** Taxable amount (see page 22)

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E.

18 Farm income or (loss). Attach Schedule F.

19 Unemployment compensation.

20a Social security benefits.

20a _____**b** Taxable amount (see page 24)

21 Other income.

22 Add the amounts in the far right column for lines 7 through 21. This is your total income ►

7 137,780.**8a** _____**9** 612.**10** _____**11** _____**12** _____**13** 76,451.**14** _____**15b** _____**16b** _____**17** _____**18** _____**19** _____**20b** _____**21** _____**22** 214,843.

23 IRA deduction (see page 25)

23 _____

24 Student loan interest deduction (see page 27)

24 _____

25 Medical savings account deduction. Attach Form 8853.

25 _____

26 Moving expenses. Attach Form 3903.

26 _____

27 One-half of self-employment tax. Attach Schedule SE.

27 _____

28 Self-employed health insurance deduction (see page 28)

28 _____

29 Keogh and self-employed SEP and SIMPLE plans.

29 _____

30 Penalty on early withdrawal of savings.

30 _____31a Alimony paid. **b** Recipient's SSN ►**31a** _____

32 Add lines 23 through 31a.

32 _____

33 Subtract line 32 from line 22. This is your adjusted gross income.

33 _____**33** 214,843.

Form 1040 (1998) RICHARD E GEORGE

564-13-3662

Page 2

Tax and Credits	34 Amount from line 33 (adjusted gross income)	34	214,843.
	35a Check if: <input type="checkbox"/> You were 65/older, <input type="checkbox"/> Blind; <input type="checkbox"/> Spouse was 65 or older, <input type="checkbox"/> Blind. Add the number of boxes checked above and enter the total here ► 35a		
Standard Deduction for Most People Single: \$4,250 Head of household: \$6,250 Married filing jointly or Qualifying widow(er): \$7,100 Married filing separately: \$3,550.	b If you are married filing separately and your spouse itemizes deductions or you were a dual-status alien, see page 29 and check here ► 35b		
	36 Enter the larger of your itemized deductions from Schedule A, line 28, OR standard deduction shown on the left. But see page 30 to find your standard deduction if you checked any box on line 35a or 35b or if someone can claim you as a dependent.	36	49,604.
	37 Subtract line 36 from line 34.	37	165,239.
	38 If line 34 is \$93,400 or less, multiply \$2,700 by the total number of exemptions claimed on line 6d. If line 34 is over \$93,400, see the worksheet on page 30 for the amount to enter	38	702.
	39 Taxable income. Subtract line 38 from line 37. If line 38 is more than line 37, enter -0-	39	164,537.
	40 Tax. See page 30. Check if any tax from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 ►	40	37,456.
	41 Credit for child & dependent care expenses. Attach Form 2441.		
	42 Credit for the elderly or the disabled. Attach Schedule R		
	43 Child tax credit (see page 31)		
	44 Education credits. Attach Form 8863		
45 Adoption credit. Attach Form 8839			
46 Foreign tax credit. Attach Form 1116 if required.			
47 Other. Check if from a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8396 c <input type="checkbox"/> Form 8801 d <input type="checkbox"/> Form	47		
48 Add lines 41 through 47. These are your total credits	48		
49 Subtract line 48 from line 40. If line 48 is more than line 40, enter -0- ►	49	37,456.	
Other Taxes	50 Self-employment tax. Attach Schedule SE	50	
	51 Alternative minimum tax. Attach Form 6251	51	
	52 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137	52	
	53 Tax on IRAs, other retirement plans, and MSAs. Attach Form 5329 if required.	53	
	54 Advance earned income credit payments from Form(s) W-2	54	
	55 Household employment taxes. Attach Schedule H	55	
56 Add lines 49 through 55. This is your total tax ►	56	37,456.	
Payments Attach Forms W-2 and W-2G on page one. Also attach Form 1099-R if tax was withheld.	57 Federal income tax withheld from Forms W-2 and 1099	57	
	58 1998 estimated tax payments & amt. applied from 1997 return	58	
	59a Earned income credit. Attach Sch. EIC if you have a qualifying child. b Nontaxable earned income: amount ►	59a	
	and type ►		
	60 Additional child tax credit. Attach Form 8812	60	
	61 Amount paid with Form 4868 (request for extension)	61	
	62 Excess social security and RRTA tax withheld (see page 43)	62	526.
	63 Other payments. Check if from a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136.	63	
	64 Add lines 57, 58, 59a, and 60 through 63. These are your total payments ►	64	526.
	65 If line 64 is more than line 56, subtract line 56 from line 64. This is the amount you OVERPAID	65	
66a Amount of line 65 you want REFUNDED TO YOU ►	66a		
► b Routing no. <input type="checkbox"/> ► c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings			
► d Account no. <input type="checkbox"/>			
67 Amount of line 65 you want APPLIED TO 1999 EST. TAX ►	67		
68 If line 56 is more than line 64, subtract line 64 from line 56. This is the AMOUNT YOU OWE . For details on how to pay, see page 44 ►	68	38,603.	
69 Estimated tax penalty. Also include on line 68	69	1,673.	

Sign HereJoint Return?
See page 18.

Keep a copy for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature

Date

Your occupation

Daytime telephone number (optional)

Spouse's signature. If a joint return, BOTH must sign.

Date

Spouse's occupation

Paid Preparer's Use Only

Preparer's signature ►

Date .

Check if self-employed

Preparer's social security no.

Firm's name (or yours if self-employed)
and address ►

IRS - PREPARED

EIN

ZIP code

**SCHEDULE A
(Form 1040)****Schedule A -- Itemized Deductions**

OMB No. 1545-0074

1998Attachment
Sequence No. 07Department of the Treasury
Internal Revenue Service (99)

► Attach to Form 1040. ► See Instructions for Schedule A (Form 1040).

Name(s) shown on Form 1040

RICHARD E GEORGE

Your social security no.
564-13-3662

Medical and Dental Expenses	Caution: Do not include expenses reimbursed/paid by others.			
	1 Medical and dental expenses (see page A-1)	1		
	2 Enter amt. from Form 1040, line 34	2		
	3 Multiply line 2 above by 7.5% (.075)	3		
	4 Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-		4	
Taxes You Paid (See page A-2.)	5 State and local income taxes	5		
	6 Real estate taxes (see page A-2)	6		
	7 Personal property taxes	7		
	8 Other taxes. List type and amount ►	8		
	9 Add lines 5 through 8		9	
Interest You Paid (See page A-3.)	10 Home mortg. interest & points reported to you on Form 1098	10	52,314.	
	11 Home mortgage interest not reported to you on Form 1098. If paid to the person from whom you bought the home, see page A-3 & show that person's name, identifying no., and address ►	11		
Note: Personal interest is not deductible.	12 Points not reported to you on Form 1098. See page A-3 for special rules	12		
	13 Investment interest. Attach Form 4952 if required. (See page A-3)	13		
	14 Add lines 10 through 13		14	52,314.
Gifts to Charity If you made a gift and got a benefit for it, see page A-4.	15 Gifts by cash or check. If you made any gift of \$250 or more, see page A-4	15		
	16 Other than by cash or check. If any gift of \$250 or more, see page A-4. You MUST attach Form 8283 if over \$500	16		
	17 Carryover from prior year	17		
	18 Add lines 15 through 17		18	
Casualty and Theft Losses	19 Casualty or theft loss(es). Attach Form 4684. (See page A-5)		19	
Job Expenses and Most Other Miscellaneous Deductions (See page A-6 for expenses to deduct here.)	20 Unreimbursed employee expenses -- job travel, union dues, job education, etc. You MUST attach Form 2106 or 2106-EZ if required. (See page A-5) ►	20		
	21 Tax preparation fees	21		
	22 Other expenses -- investment, safe deposit box, etc. List type and amount ►	22		
	23 Add lines 20 through 22	23		
	24 Enter amt. from Form 1040, line 34	24		
	25 Multiply line 24 above by 2% (.02)	25		
	26 Subtract line 25 from line 23. If line 25 is more than line 23, enter -0-		26	
Other Miscellaneous Deductions	27 Other -- from list on page A-6. List type and amount ►		27	
Total Itemized Deductions	28 Is Form 1040, line 34, over \$124,500 (over \$62,250 if married filing separately)? NO. Your deduction is not limited. Add the amounts in the far right column for lines 4 through 27. Also, enter on Form 1040, line 36, the larger of this amount or your standard deduction. YES. Your deduction may be limited. See page A-6 for the amount to enter.		28	49,604.



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0041

(800) 852-2753

NOTICE OF PROPOSED ASSESSMENT

We propose to assess additional tax on your account for the taxable year shown below. We explain why below. See the enclosed *Personal Income Tax Notice of Proposed Assessment Information* for more information on your rights and responsibilities. Please refer to side 2 of this notice for current interest and penalty rates.

RICHARD E GEORGE
431 CENTRAL AV
MENLO PARK CA 94025-2804

Date: 11/21/02
Taxable year: 1998
Account No.: 884097537GEOR
NPA No.: 04578630
Rev. Cd.: 3482402KEL110601
D.L.N.: 0159836511
Proposed: 46,302.40
PROTEST BY: 01/21/03
TP SSN 564133662

INCOME AS REPORTED OR REVISED	\$	46,392.00
CAPITAL GAIN OR LOSS	76,451.00	
ITEMIZED DEDUCTIONS	46,484.00	
STANDARD DEDUCTION	-2,642.00	
W-2 VERITY INC	129,280.00	
W-2 PORTFOLIO	8,500.00	
1099INT-C MERRILL LYNCH	612.00	258,685.00
REVISED TAXABLE INCOME		305,077.00
FILING STATUS - SINGLE		
TAX - TABLE		26,723.00
TOTAL EXEMPTION CREDITS (AS ADJUSTED)		0.00
TOTAL TAX LIABILITY		26,723.00
LESS PREVIOUSLY ASSESSED		2,596.00
ADDITIONAL TAX		24,127.00
PENALTIES: DELINQUENT RETURN	6,031.75	
ACCURACY RELATED	4,825.40	10,857.15
INTEREST TO 11/21/02		11,318.25
TOTAL ADDITIONAL TAX, PENALTIES AND INTEREST	\$	46,302.40

THE ADJUSTMENT IS BASED UPON INFORMATION OBTAINED FROM THE INTERNAL REVENUE SERVICE UNDER AUTHORIZATION OF SECTION 6103 (D) OF THE INTERNAL REVENUE CODE. WHERE THE STATE AND FEDERAL LAWS GOVERNING THE ISSUES INVOLVED ARE THE SAME, WE FOLLOW THE FINDINGS OF THE FEDERAL REPORTS TO THE EXTENT APPLICABLE TO THE CALIFORNIA RETURN.

BASED ON YOUR REVISED FEDERAL ADJUSTED GROSS INCOME, WE HAVE REDUCED OR DENIED YOUR CALIFORNIA EXEMPTION CREDIT(S).

CONTINUED ON PAGE 2



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-1111
WWW.FTB.CA.GOV



(800) 689-4776 or outside U.S. (916) 845-4470
656 M7

Notice Date: January 24, 2005
Account Number: 884 09 7537

SSN: 564 13 3662

Income Tax Amnesty Application

To correct name or address, line out old and write in new information.

RICHARD E GEORGE
431 CENTRAL AVE
MENLO PARK CA 94025-2804

YOU MAY SAVE

**California Tax Amnesty
Ends March 31, 2005.**

Right now, California's 2005 tax amnesty program offers you a window of opportunity - pay your past-due income taxes and interest, and you won't have to pay most penalties and fees or fear prosecution. If you choose to take advantage of this limited time program, you can correct your tax records and save money. We'll waive most existing penalties and fees applicable to taxable years beginning before January 1, 2003, and you'll avoid new penalties that will be effective March 31, 2005.

The money we collect is needed to support California's quality of life, funding programs like schools, fire and police departments, streets and highways, and other basic programs we often take for granted. Bottom line? You'll benefit from tax amnesty and so will your community.

You must apply for amnesty between February 1 and March 31, 2005. You have until May 31, 2005, to file missing or amended returns and pay your tax and interest. To learn how you can participate, see the back of this application. We've included more information on the pages that follow, and you can get the latest amnesty news at our Website: www.ftb.ca.gov.

Attach payment here

Amnesty Eligible Account Summary Estimated Through March 31, 2005		TAX YEAR	TAX RETURN ON FILE?	AMOUNT DUE BEFORE NEW PENALTIES		
				WITHOUT AMNESTY	PENALTIES/ FEES	WITH AMNESTY
Check the box for → each year you want included under amnesty	<input type="checkbox"/>	2002	No	\$14,176.81	*	*
	<input type="checkbox"/>	2001	No	\$20,040.35	*	*
	<input type="checkbox"/>	1999	Yes	\$23,840.79	\$3,842.79	\$19,998.00
	<input type="checkbox"/>	1998	Yes	\$51,999.12	\$18,064.08	\$33,935.04
If you want to include other years not listed on the table, add them here. →		Total		\$110,057.07	*	*

*Please contact us at (800) 689-4776 for additional information

I understand that by signing this application and completing amnesty, I give up my right to protest, appeal, or file a claim for refund or credit on those amounts for which I have selected amnesty. I also understand my amnesty will be cancelled if I do not file my income tax returns and pay any resulting income taxes for taxable years 2005 and 2006. I am signing this document under penalty of perjury.

Signature: _____

Date: _____

Signature (spouse): _____

Date: _____

Daytime telephone number: _____